

# 2023 Forms 1099-MISC and 1099-NEC Engagement Letter

## Bookkeeping Clients

As a business owner you are required to issue Forms 1099-MISC and 1099-NEC to eligible payees who are paid more than \$600 in 2023 from your business. See additional Form 1099 filing requirements below.

Since we do bookkeeping, we can help you with this task. If you would like Burr Business Service to facilitate the electronic filing of the 2023 Form 1099s for your business, in agreement with this letter, please sign and date this form and return to our office. **If you prefer, you may reply to this email message with your acknowledgement.**

I have read the terms of this Form 1099 Engagement Letter below and I agree to them.

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Name

Company Name

Date

### Details & Terms

#### **Key Points:**

- We will send you completed Form 1099's and it is your responsibility to mail them or hand them out to your vendors. If you wish to have us mail them for you, you MUST let us know.
- We will request a W-9 for any vendor we do not have the appropriate information for. Please get it to us promptly.
- Fees for electronically filing Form 1099-NEC and 1099-Misc will be \$125 for the first 4 forms and \$5 for each additional form. Additional postage fees may also apply.

For 2023, the filing deadline for issuing Forms 1099-MISC and 1099-NEC is January 31, 2024. Failure to file the form for 2023 could result in a penalty that could be as much as **\$1,000** per each omitted, late, or incorrect 1099-MISC. The IRS requires that business owners file a Forms 1099-MISC and 1099-NEC for every individual or non-corporate LLC that you paid over \$600 in 2023 for trade or business services. This includes the following:

- **Services performed by someone who is not your employee** (This would include independent contractors or individuals for construction, repair, or remodeling work, cleaning services, yard work, etc.)
- **Professional services** (This would include payments to accountants, attorneys, architects, engineers, etc.)
- **Rents paid** (This would include payments to a landlord for your place of business or for storage facilities.)

Because the penalties are so severe, we want to be very clear on the services we are providing, and what is expected from you. If you will be having us issue Forms 1099-MISC and/or 1099-NEC for your business, please be aware of the following:

#### **Tax Preparer Responsibilities**

We will prepare and electronically file your 2023 Federal Forms 1099-MISC and 1099-NEC based on information we've posted when doing your bookkeeping work. We will request a completed Form W-9 from you for any payee with missing information. Please obtain a completed W-9 and return it to us as quickly as you can. Upon request, we will provide you with a listing of all payees who should receive a Forms 1099-MISC and 1099-NEC.

**IMPORTANT:** We will send you the completed Form 1099's and it will be your responsibility to mail them or hand them out to your payees.

## Taxpayer Responsibilities

If you drop off your bookkeeping work to us each month, it must be received in our office no later than January 24, 2024. We will need the following information for all eligible payees:

- Payee Name
- Payee Address
- Payee City, State, Zip
- Payee Federal ID Number (Will be either a Federal ID number or Social Security Number)

If we are missing any of this information, we will request that you obtain a form W-9 from your payee. Please get this to us as quickly as possible. You can download a Form W-9 from the IRS's website here <https://www.irs.gov/pub/irs-pdf/fw9.pdf>.

More information about the filing requirements for the Form 1099s can be found on the IRS website here:

Form 1099-NEC, Nonemployee Compensation <https://www.irs.gov/forms-pubs/about-form-1099-nec>

Form 1099-Misc, Miscellaneous Income <https://www.irs.gov/forms-pubs/about-form-1099-misc>

Our fee to prepare and electronically file the Form 1099s to payees as indicated by your bookkeeping work will be \$125 for the first four (4) Forms 1099-MISC and 1099-NEC statements issued, and \$5 for each additional form. If you wish to have us mail the forms to your payees on your behalf, postage costs will also apply.

**Failure to file Forms 1099-MISC and 1099-NEC to your payees who qualify could result in steep penalties that reach up to \$1,000 per form AND THE LOSS of legitimate expenses for your business.** These penalties can have a serious negative impact on your bottom line, and it is our goal to help you avoid these penalties.